

GUARDIAN EXPLORATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2025 and JUNE 30, 2024

**GUARDIAN EXPLORATION INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") should be read in conjunction with Guardian Exploration Inc.'s ("Guardian" or the "Corporation") unaudited condensed interim financial statements as at and for the six months ended June 30, 2025 and June 30, 2024, and the audited financial statements as at and for the years ended December 31, 2024 and 2023 (the "audited financial statements") and the notes thereto. The financial data presented herein, including comparative periods, have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Accordingly, certain information and disclosure normally included in audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. All dollar amounts are referenced in Canadian dollars.

The commentary is as of August 26, 2025. The reader should be aware that historical results are not necessarily indicative of future performance.

Additional information about the Corporation, filed with the Canadian securities commissions, including periodic yearly and quarterly reports, is available online at www.sedarplus.ca.

FORWARD LOOKING STATEMENTS

Certain of the statements set forth under "Management's Discussion and Analysis" including statements which may contain words such as "could", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts, are forward-looking and are based upon the Corporation's current belief as to the outcome and timing of such future events. There are numerous risks and uncertainties, certain of which are beyond Guardian's control, including: the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Guardian's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur.

NATURE OF OPERATIONS

Guardian Exploration Inc. was incorporated in Alberta as Guardian Resources Inc. on March 27, 2001. On May 14, 2001, Guardian changed its name to Guardian Exploration Inc., and it obtained Extra-provincial Registration in British Columbia on September 22, 2001. On April 21, 2006, Guardian amalgamated with Resilient Resources Ltd., a public company listed on the TSX Exchange. The amalgamated company continued under the name Guardian Exploration Inc.

The Corporation is engaged in the exploration and development of oil, natural gas and mineral properties in Western North America. The Corporation's registered office is 1250, 639 – 5th Avenue SW, Calgary, Alberta, Canada and the principal place of business is 538 Hurricane Drive, Calgary, Alberta, Canada, T3Z 3S8. The Corporation is listed on the TSX Venture Exchange under the trading symbol "GX" as well as on the Frankfurt Exchange (Frankfurt: R6B) and the OTCQB marketplace (OTC: GXUSF).

All amounts are reported in Canadian dollars unless otherwise indicated.

CORPORATE UPDATE

During the six months ended June 30, 2025 and the year ended December 31, 2024, all of the Corporation's oil and gas wells remained shut-in.

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For the six months ended June 30, 2025, the Corporation reported a net loss of \$244,229 (2024 - \$344,977), and negative cash flows from operations of \$209,139 (2024 - \$263,216) and as at June 30, 2025, the Corporation had a working capital deficiency of \$623,233 (December 31, 2024 - \$1,585,005). These conditions indicate the existence of a material uncertainty which may cast significant doubt related to the Corporation's ability to continue as a going concern. If the going concern assumption is not appropriate, adjustments may be necessary to the carrying amounts and classification of the Corporation's assets and liabilities. These financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used. Such adjustments could be material.

Total consideration for the Kaigani Assets was \$96,130, consisting of one million common shares at \$0.045 per common share for a cost of \$45,000, paid cash compensation of \$44,433 (US\$35,000) and capitalized legal fees of \$6,697.

On April 9, 2024, the Corporation announced that a non-binding letter of intent to acquire all of the shares of Site Exploration Mining Company ("SEMC") a Saudi Arabian mining company, from its shareholders was terminated. On June 25, 2024, the Corporation filed a Statement Claim against SEMC seeking damages of \$200,000 plus costs relating to a number of allegations, including misrepresentations and breach of contract. The lawsuit is ongoing.

On December 9, 2024, the Corporation entered into a non-binding letter of intent dated ("LOI") with New Break Resources Ltd. ("New Break") for the purchase (the "Acquisition") of New Break's 100% interest in the mineral rights and exploration data associated with the 9,415 hectare Sundog gold project located in Kivalliq Region, Nunavut ("Sundog Property") held pursuant to an Inuit Owned Lands Mineral Exploration Agreement ("MEA") and 60 drums of JetA fuel located in Arviat, Nunavut. See Material Transactions below.

On May 2, 2025, the Corporation completed the acquisition of a 100% interest in the mineral rights and exploration data associated with the Sundog Project. The acquisition also included 60 drums of JetA fuel located in Arviat, Nunavut (together, the "Assets").

As consideration for the Assets, the Corporation issued 5,000,000 common shares to New Break, paid \$75,000 in cash, and reimbursed \$18,830 of 2024–2025 annual rent related to the Sundog Property. The Corporation has assumed all obligations under the Inuit Owned Lands Mineral Exploration Agreement, including annual exploration expenditure requirements and annual rent payments to Nunavut Tunngavik Incorporated.

In connection with the acquisition, the Corporation granted New Break an option to acquire a 20% interest in the Sundog project for \$1.00, carried through to a decision to mine. Upon exercise, the parties will enter into an industry standard joint venture agreement on mutually agreed terms, at which time Guardian shall be responsible for 80% of mine development costs. New Break may sell its 20% interest at any time, subject to Guardian's right of first refusal to purchase New Break's 20% interest.

SELECTED FINANCIAL INFORMATION (\$)

	Year Ended December 31,		
	2024	2023	2022
Net revenue, after royalties	-	-	-
Net loss and comprehensive loss	(554,649)	(155,613)	(1,543,263)
Net loss per share (basic and fully diluted)	(0.01)	(0.00)	(0.02)
Non-current liabilities: Decommissioning liabilities	111,573	188,231	237,875
Total assets	532,588	590,872	550,682

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QUARTERLY DATA (\$)

Period	Net Revenue	Net Income (Loss)	Basic	Fully Diluted	Total Assets
June 30, 2025	-	(88,467)	(0.00)	(0.00)	1,119,141
March 31, 2025	-	(155,762)	(0.00)	(0.00)	525,143
December 31, 2024	-	(87,931)	(0.00)	(0.00)	532,588
September 30, 2024	-	(121,741)	(0.00)	(0.00)	547,865
June 30, 2024	-	(101,932)	(0.00)	(0.00)	527,511
March 31, 2024	-	(243,045)	(0.00)	(0.00)	504,515
December 31, 2023	-	148,322	(0.00)	(0.00)	590,872
September 30, 2023	-	(194,737)	(0.00)	(0.00)	563,469

SUMMARY OF RESULTS (\$)

Six months ended	June 30, 2025	June 30, 2024
Net revenue	-	-
Expenses		
Operating	12,430	145,567
General and administrative	213,635	194,634
Interest income	-	(224)
Interest and accretion	22,112	5,000
Share-based compensation	100,456	-
Other income		
Financial settlements	(104,404)	
Net loss and comprehensive loss	(244,229)	(344,97)
Loss per share - basic and diluted	(0.00)	(0.00)
Net cash used in operating activities	(209,139)	(263,216)
Total assets	1,119,141	527,511

PETROLEUM AND NATURAL GAS SALES VOLUMES AND REVENUE

During the six months ended June 30, 2025 and 2024, all of the Corporation's oil and gas wells remained shut-in.

OPERATING EXPENSES (\$)

Operating expenses for the six months ended June 30, 2025 totalled \$12,430, representing a 91% decrease from \$145,567 during the comparative period last year.

Higher operating expenses during the six months ended June 30, 2024 relate primarily to one-time abandonment costs and costs incurred relating to due diligence regarding the SEMC letter of intent.

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSES (\$)

G&A expenses for the six months ended June 30, 2025 totalled \$213,635, representing a 10% increase from \$194,634 during the comparative period last year.

The breakdown of G&A costs was as follows:

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Six months ended	June 30, 2025	June 30, 2024
Consulting fees	104,516	42,391
Agent and filing fees	27,996	20,910
Audit and legal	46,866	61,072
Office and other	23,351	46,528
Interest and penalties	3,406	16,233
Insurance	7,500	7,500
Total	213,635	194,634

The increase in G&A expenses during the six months ended June 30, 2025 was primarily due to an increase in Consulting fees, offset by decreases in audit and legal, office and other and interest and penalties.

This increase in consulting fees relates to additional geological consulting rendered in the current period relating to the Sundog Property. Audit and legal costs decreased due to a decrease in legal fees. Office and other costs decreased to reduced travel in the current period. Interest and penalties decreased in the current period due to a one-time interest charge in the prior period.

During the six months ended June 30, 2025 and year ended December 31, 2024, no G&A costs were capitalized.

INTEREST AND ACCRETION

Interest and accretion costs increased in the current period due to accretion on the Term Loan from related parties. Accretion on decommissioning liabilities is consistent with the prior period.

SHARE-BASED COMPENSATION

Share-based compensation for the six months ended June 30, 2025 was \$100,456 (2024 - \$Nil). This cost relates to quarterly vesting of stock options granted in Q4 2024.

FINANCIAL SETTLEMENTS

The financial settlement credit recorded in the six months ended June 30, 2025 relates to a one-time settlement with a creditor.

DEPOSITS

Deposits include an abandonment and reclamation deposit in the amount of \$116,000 (December 31, 2024 - \$116,000) with the British Columbia Oil and Gas Commission.

PROPERTY AND EQUIPMENT

Cost	Mining Assets		Total
Balance at December 31, 2022	\$	370,130	\$ 370,130
Additions	\$	-	\$ -
Balance at December 31, 2023	\$	370,130	\$ 370,130
Additions	\$	-	\$ -
Balance at December 31, 2024	\$	370,130	\$ 370,130
Additions	\$	525,770	\$ 525,770
Balance at June 30, 2025	\$	895,900	\$ 895,900

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Accumulated depreciation

Balance at December 31, 2022	\$	-	\$	-
Balance at December 31, 2023	\$	-	\$	-
Balance at December 31, 2024	\$	-	\$	-
Balance at June 30, 2025	\$	-	\$	-

Net book value:	\$		\$	
At December 31, 2022	\$	370,130	\$	370,130
At December 31, 2023	\$	370,130	\$	370,130
At December 31, 2024	\$	370,130	\$	370,130
At June 30, 2025	\$	895,900	\$	895,900

On February 26, 2021, the Corporation completed the acquisition (the "Acquisition") from DG Resources Management Ltd. ("DGM") and Graydon Kowal ("Kowal" and together with DGM, the "Vendors") of their interests in and to a mining property known as the Mount Cameron Property located in the Mayo Mining District in the Yukon (the "Assets").

In consideration for the Assets, the Corporation issued 4,000,000 Common Shares in the share capital of the Corporation to the Vendors and a 2% Net Smelter Royalty, which Net Smelter Royalty shall be repurchaseable by the Corporation from the Vendors at a price of \$1,000,000 for a period of five years. The Corporation also assumed debt in the amount of \$50,000 owed by Graydon Kowal to Dahrouge Geological Consulting Ltd. (an affiliate of DGM) and debt in the amount of \$10,000 owed by DGM to Dahrouge Geological Consulting Ltd. (the "Debt Assumption"). The debt assumed by the Corporation bears no interest and is payable in increments of \$15,000 semi-annually until repaid. During the year ended December 31, 2021, Graydon Kowal assumed the Debt in exchange for a non-interest-bearing promissory note.

In conjunction with the Acquisition, the Corporation completed a private placement. The Corporation used the proceeds from the private placement to fund the proposed work program for the Assets. Proceeds were used for expenditures which qualify as "Canadian exploration expenses" ("CEE") and "flow-through mining expenditures" both within the meaning of the Income Tax Act (Canada). The Corporation renounced such CEE in accordance with the rules and regulations of the Income Tax Act (Canada).

On February 4, 2022, the Corporation announced that it executed an agreement (the "Asset Purchase Agreement") with Dennis Moore ("Moore") for the purchase (the "Acquisition") of Moore's interests in certain mineral claims primarily located within the Tongass National Forest, Alaska, USA, known to the parties as the Kaigani claims (the "Assets"). The purchase price for the Assets will be satisfied through issuance of 1,000,000 Common Shares in the share capital of the Corporation, a cash payment of US\$35,000 and a 1.5% Net Smelter Royalty. The Corporation is entitled to buy back one-half of the Net Smelter Royalty at a price of US\$1,500,000 for a period of five years or 120 days from the date a preliminary economic assessment is issued with respect to the claims, whichever is earlier. In the event that a drilling permit that enables the Corporation to drill on the mining claims is issued within five years from the date of the Asset Purchase Agreement, the Corporation will pay Moore an additional US\$25,000 and will issue Moore an additional 1,000,000 Common Shares. The Acquisition is an Arm's Length Transaction under the policies of the TSX Venture Exchange.

On February 17, 2022, the Corporation completed the Acquisition of the Assets for a purchase price of \$96,130, satisfied through a combination of cash and common shares. On February 17, 2022, the Corporation issued one million common shares at \$0.045 per common share for a cost of \$45,000, paid cash compensation of \$44,433 (US\$35,000) and capitalized legal fees of \$6,697 for total additions of \$96,130.

On May 2, 2025, the Corporation completed the acquisition of a 100% interest in the mineral rights and exploration data associated with the 9,415-hectare Sundog gold project, located in the Kivalliq Region, Nunavut (the "Sundog Property"), previously owned by New Break Resources Ltd. ("New Break"). The acquisition also included 60 drums of JetA fuel located in Arviat, Nunavut (together, the "Assets").

As consideration for the Assets, the Corporation issued 5,000,000 common shares to New Break, paid \$75,000 in cash, and reimbursed \$18,830 of 2024–2025 annual rent related to the Sundog Property. The

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Corporation has assumed all obligations under the Inuit Owned Lands Mineral Exploration Agreement, including annual exploration expenditure requirements and annual rent payments to Nunavut Tunngavik Incorporated.

In connection with the acquisition, the Corporation granted New Break an option to acquire a 20% interest in the Sundog project for \$1.00, carried through to a decision to mine. Upon exercise, the parties will enter into an industry standard joint venture agreement on mutually agreed terms, at which time Guardian shall be responsible for 80% of mine development costs. New Break may sell its 20% interest at any time, subject to Guardian's right of first refusal to purchase New Break's 20% interest.

LOANS FROM RELATED PARTIES

Demand Loans

From time to time, the Corporation obtains loans from certain related parties to supplement its working capital. The related party loans are with companies controlled by certain directors of the Corporation and bear no interest. All loans are secured against the assets of the Corporation and due on demand. The following loan amounts are payable:

	Deckland Inc. ⁽¹⁾	Guardian Helicopters Inc. ⁽¹⁾	Guardian Drilling & Consulting ⁽¹⁾	Total
	(\$)	(\$)	(\$)	(\$)
Balance, December 31, 2022	71,984	111,304	-	183,288
Advances	138,020	284,124	18,000	440,144
Balance, December 31, 2023	210,004	395,428	18,000	623,432
Advances	205,338	306,707	-	512,045
Repayments	(8,455)	-	-	(8,455)
Balance, December 31, 2024	406,887	702,135	18,000	1,127,022
Advances	112,586	200,823	-	313,409
Repayments ⁽²⁾	(442,097)	(745,605)	-	(1,187,702)
Balance, March 31, 2025	77,376	157,353	18,000	252,729

1) A private Company wholly-owned and controlled by Mr. G. Kowal, shareholder, CEO and President of the Corporation.

2) Converted to Term Loans.

Term loans

On May 29, 2025, the Corporation entered into term loan agreements with Deckland Inc. (1) ("Deckland") and Guardian Helicopters Inc. (1) ("GHI" and together with Deckland, the "Lenders"). As part of these agreements, the Corporation rolled \$442,097 of the amount previously loaned by Deckland under a revolving loan agreement into a term loan having a principal amount of \$442,097, and \$745,605 of the amount previously loaned by GHI into a separate term loan having a principal amount of \$745,605 (collectively, the "Term Loans").

The Term Loans bear interest at 15% per annum, payable on maturity, and mature three years after issuance (subject to amendment by mutual agreement). The indebtedness is secured on the mineral assets of the Corporation and by a general security agreement over the personal property of the Corporation.

In connection with the Term Loans, the Corporation issued 7,368,283 non-transferrable warrants to Deckland and 12,426,750 warrants to GHI. Each warrant entitles the holder to acquire one common share of the Corporation at an exercise price of \$0.06 per share until the earlier of three years or the Term Loan maturity date. The common shares issuable upon exercise of the warrants are subject to a four-month plus one day hold period.

DECOMMISSIONING LIABILITIES

The total estimated undiscounted amount of cash flows required to settle the obligations at June 30, 2025 are approximately \$112,617 (December 31, 2024 - \$113,617) and are expected to be made over the next 2 years. The decommissioning obligations have been calculated using an inflation rate of 2% (December

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31, 2024 - 2%) and an average risk-free rate of 2.93% (December 31, 2024 – 2.93%). A reconciliation of the decommissioning liabilities is provided below:

	June 30, 2025	December 31, 2024
	(\$)	(\$)
Balance, beginning of the period	111,573	188,231
Abandonments	(3,500)	(76,442)
Changes in estimates	-	(2,443)
Accretion	2,500	2,227
Balance, end of the period	110,573	111,573

All property and equipment has been fully impaired or depreciated, resulting in the change in estimates being recorded to operating costs in the statements of net loss and comprehensive loss.

SHARE CAPITAL

a) Authorized shares

- Unlimited number of no-par value common voting shares.
- Unlimited number of no-par value preferred shares, issuable in series.

Flow-through shares

During the year ended December 31, 2021, the Corporation raised \$200,000 on a CEE flow-through share basis. The qualifying expenditures were incurred during fiscal 2022 with the flow-through share renouncement occurring during the year end December 31, 2023.

b) Shares issued and outstanding

Common Shares	Number of Shares	Amount (\$)
Balance, December 31, 2022, 2023, 2024	104,076,054	17,876,561
Share capital additions	5,000,000	425,000
Balance, June 30, 2025	109,076,054	18,301,561

c) Warrants

	Number of Warrants	Amount (\$)
Balance, December 31, 2022 and 2023	4,100,000	160,655
Expiry of warrants	(4,100,000)	(160,655)
Balance, December 31, 2024	-	-
Warrants issued	19,795,033	586,059
Balance, June 30, 2025	19,795,033	586,059

During the year ended December 31, 2024, 4,100,000 share purchase warrants expired. As a result, a value of \$160,655 was transferred from warrants reserve to contributed surplus. The warrants entitled the holder to purchase common shares at a price at \$0.15 or \$0.25 for a period of three years from issue date during the year ended December 31, 2021.

In connection with the Term Loans, the Corporation issued 7,368,283 non-transferrable warrants to Deckland and 12,426,750 warrants to GHI. Each warrant entitles the holder to acquire one common share of the Corporation at an exercise price of \$0.06 per share until the earlier of three years or the

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Term Loan maturity date. The common shares issuable upon exercise of the warrants are subject to a four-month plus one day hold period.

The Corporation recorded fair value for the 19,795,033 warrants of \$586,059 using the Black-Scholes Option Pricing Model using the following assumptions: expected life of the option: 3 years; expected volatility: 167.88%; expected dividend yield: 0%; and risk-free interest rate: 2.62%.

d) Stock options

The Corporation has a stock option plan under which directors, officers, employees and consultants are eligible to receive stock option grants. The stock options issued shall not exceed 10% of the issued shares of the Corporation at the time of granting of options. The exercise price and vesting terms of any options granted are fixed by the Board of Directors of the Corporation at the time of grant.

On November 19, 2024, the Corporation granted an aggregate of 4,500,000 incentive stock options under its stock option plan to its officers and directors. Each option entitles the holder thereof to purchase one Common Share in the capital of the Corporation for a period of six years at a price of \$0.06 per share. The options will vest quarterly over a two-year period.

The stock options are not transferable. The common shares issued upon exercise of the stock options will be subject to a four-month resale restriction from the date of grant.

The Corporation calculated the fair value of options granted in 2024 using the Black-Scholes option pricing model using the following weighted average assumptions:

	Year ended December 31, 2024
Share-price	\$0.06
Risk-free interest rate	3.2%
Expected volatility	318%
Dividend yield	0%
Expected life of each option granted	6 years
Estimated forfeiture rate	0%
Weighted average fair value per option	\$0.06

The fair value of the 4,500,000 stock options granted on November 19, 2024 was \$269,976. During the six months ended June 30, 2025, \$100,456 was recorded to share-based compensation expense. As at June 30, 2025, a total of \$142,328 (December 31, 2024 - \$41,872), representing the vested portion of the options, has been recorded to share-based compensation expense, with a corresponding credit to contributed surplus.

The following is a summary of changes to the Corporation's share option plan:

	Six months ended June 30, 2025			Year ended December 31, 2024		
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price	Weighted Average Remaining Life
Outstanding, beginning of period	10,000,000	\$0.09	3.32	5,500,000	\$0.11	2.25
Granted	-	-	-	4,500,000	\$0.06	5.92
Forfeited	(1,000,000)	\$0.11	-	-	-	-
Outstanding, at end of period	9,000,000	\$0.09	3.06	10,000,000	\$0.09	3.32
Exercisable at end of period	5,625,500	\$0.10	1.67	5,500,000	\$0.11	1.22

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e) Per share amounts

Basic per share amounts are calculated using the weighted average number of shares outstanding of 109,076,054 during the six months ended June 30, 2025 (year ended December 31, 2024 - 104,076,054). The calculation of diluted loss per share for the six months ended June 30, 2025 and year ended December 31, 2024 excludes the effect of all outstanding share options and warrants as they are anti-dilutive.

SUPPLEMENT TO THE FINANCIAL STATEMENTS

The outstanding common shares, warrants, and stock options are summarized below (also see note 10 to the financial statements):

	August 26, 2025	December 31, 2024	December 31, 2023
Common shares	109,076,054	104,076,054	104,076,054
Warrants	19,795,033	-	4,100,000
Share options	9,000,000	10,000,000	5,500,000

LIQUIDITY AND CAPITAL RESOURCES

During the six months ended June 30, 2025, the Corporation incurred a net loss of \$244,229 (2024 - \$344,977) and had negative cash flows from operating activities of \$209,139 (2024 - \$263,216). As at June 30, 2025, the Corporation has a working capital deficiency of \$623,233 (December 31, 2024 - \$1,585,005) and an accumulated deficit of \$25,294,316 (December 31, 2024 - \$25,050,087).

RELATED PARTY TRANSACTIONS

In addition to transactions disclosed elsewhere in this MD&A and the Corporation's financial statements during the six months ended June 30, 2025 and June 30, 2024, the Corporation has the following related party transactions:

- a) Legal fees in the amount of \$31,957 for the six months ended June 30, 2025 (2024 - \$25,085) have been incurred with a legal firm of which a partner is the spouse of an officer of the Corporation. As at June 30, 2025, \$29,557 is payable to this legal firm (December 31, 2024 - \$14,277) and is included in accounts payable and accrued liabilities.
- b) Total consulting fees, wages, salaries, benefits and other personnel costs included in the statements of net loss and comprehensive loss for the six months ended June 30, 2025 were \$48,483 (2024 - \$41,473). The aggregate remuneration of key management for the six months ended June 30, 2025 was \$48,483 in consulting fees, salaries and benefits (2024 - \$41,473). The Corporation considers key management personnel to be the CEO and CFO.

The transactions are in the normal course of business and initially recorded at fair value.

COMMITMENTS AND CONTINGENCIES

Contractual

Under the terms of an employment contract with the Chief Executive Officer, the Corporation is committed to pay (i) severance equal to 24 months' base salary; (ii) compensation for loss of employee benefits; (iii) all accrued but unpaid bonuses; and (iv) accrued and unpaid salary, benefits, perquisites and expenses to the termination date and any un-received vacation allotment.

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Other

The Corporation is involved in a number of legal claims associated with the normal course of operations. The Corporation believes it has made adequate provisions for such legal claims. The Corporation has not presented a detailed breakdown of the claims as it may prejudice the position of management on these claims. While the outcome of these claims is uncertain, and there can be no assurance that such claims will be resolved in the Corporation's favour, the Corporation does not believe that the outcome of adverse decisions in any proceedings related to these claims, or any amount which it may be required to pay, would have a material adverse impact on its financial position, results of operations or liquidity.

MATERIAL TRANSACTIONS

See Corporate Update and Property and Equipment sections above. Also, see Subsequent events below.

FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The following table summarizes the classification of the Corporation's financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

Financial instrument	Classification
Cash	FVTPL
Prepays	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans from related parties	Amortized cost

Financial assets

The classification of financial assets is based on the Corporation's assessment of its business model for holding financial assets and the contractual terms of the cash flows. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through other comprehensive income ("FVOCI"): assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through profit or loss ("FVTPL"): assets that do not meet the criteria for amortized cost or FVOCI.
- Financial assets are initially measured a fair value and are subsequently measured at amortized cost using the effective interest method, or at FVOCI or at FVTPL.
- Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Financial liabilities

The classification of financial liabilities is determined by the Corporation at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using

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the effective interest method. Interest expense is recognized in the statements of loss and comprehensive loss.

- Financial liabilities measured at FVTPL: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the statements of loss and comprehensive loss.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss and comprehensive loss.

Impairment of financial assets

At each reporting date, the Corporation assesses whether a financial asset or group of financial assets is impaired under the expected credit loss ("ECL") model. Loss allowances are measured based on (i) ECLs that result from possible default events within the 12 months after the reporting date ("12-month ECL"), or (ii) ECLs that result from all possible default events over the expected life of a financial instrument ("lifetime ECLs").

For short-term trade and other receivables, the Corporation applies the simplified approach and has calculated ECLs based on lifetime ECLs. Where information exists, the Corporation establishes a loss rate based on historical normalized credit loss experience. The loss rate is based on the payment profiles and aging of trade receivables and is adjusted to reflect current and forward-looking information on macroeconomic factors.

The amortized cost of the financial asset is reduced by impairment losses at an amount equal to the lifetime expected credit losses. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the statements of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts.

Interest rate risk

At June 30, 2025 and December 31, 2024, the Corporation is not significantly exposed to interest rate cash flow risk in relation to its short-term and long-term loans from related parties, which are at a fixed rates of interest.

Commodity price risk

The nature of the Corporation's operations results in an exposure to fluctuations in commodity prices. At June 30, 2025 and December 31, 2024, the Corporation had no financial derivative or physical delivery contracts in place.

Currency risk

Currency risk is the risk to the Corporation's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Corporation is not exposed to significant current risk. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Capital management

The Corporation's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Corporation defines capital as shareholder equity, working capital and credit facilities, when available. The Corporation manages its capital structure, including making adjustments to its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The

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Corporation's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Board of Directors does not establish quantitative return on capital criteria for management; but, rather, promotes year over year sustainable growth in net income and cash flows. There have been no changes to the Corporation's objectives in managing capital or in management's management of capital in the current year.

The capital structure of the Corporation is as follows:

	June 30, 2025 (\$)	December 31, 2024 (\$)
Total shareholders' deficiency	(343,162)	(1,210,448)
Working capital deficiency	(623,233)	(1,585,005)

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Corporation is subject to credit risk on its cash balance. The Corporation's cash is held at major financial institutions as well as a Trust account with the Corporation's legal counsel, and, as such, is subject to only minor credit risk.

Liquidity Risk

Liquidity risk includes the following, as a result of the Corporation's operational liquidity requirements:

- The Corporation will not have sufficient funds to settle a transaction on the due date;
- The Corporation will be forced to sell financial assets at a value less than what they are worth; or,
- The Corporation may be unable to settle or recover a financial asset at all.

At June 30, 2025, the Corporation had cash of \$Nil (December 31, 2024 - \$Nil) to settle current obligations of \$730,474 (December 31, 2024 - \$1,631,463) and will therefore need to source equity and/or debt financing to meet obligations as they come due. The short-term loans from related parties are due upon demand. All accounts payable and accruals are due within thirty days.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

Significant accounting judgments, estimates and assumptions

The timely preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, as at the reporting date and the reported amounts of revenues and expenses during the year. Accordingly, actual results may differ from these estimates. Estimates and judgments reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discussion sets forth management's significant judgments and estimates made in the preparation of these financial statements:

Critical judgments in applying accounting policies

The following are the critical judgments that management has made in the process of applying the Corporation's accounting policies and that have the most significant effect on the amounts recognized in

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the audited financial statements:

(i) Going concern

Management has applied judgements in the assessment of the Corporation's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

(ii) Identification of cash-generating units

Property and equipment is aggregated into cash-generating-units ("CGUs") based on the ability to generate largely independent cash flows and are used for impairment testing. The classification of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructures and the way in which management monitors the Corporation's operations.

(iii) Impairment of petroleum and natural gas assets

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. The recoverable amount of CGUs and individual assets is determined based on the higher of fair value less costs to sell or value-in-use calculations. The key estimates the Corporation applies in determining the recoverable amount normally include estimated future commodity prices, expected production volumes, future operating and development costs, discount rates, tax rates, and refining margins. In determining the recoverable amount, management may also be required to make judgments regarding the likelihood of the occurrence of a future event. Changes to these estimates and judgments will affect the recoverable amounts of CGUs and individual assets and may then require a material adjustment to their related carrying value.

(iv) Deferred taxes

Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit and loss in the period in which the change occurs.

Key sources of estimation uncertainty:

The following are the key estimates and their assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities.

(i) Decommissioning liabilities

The calculation of decommissioning liabilities and related accretion expense includes management's estimates of current risk-free interest rates, future inflation rates, future restoration and reclamation expenditures and the timing of those expenditures. In most instances, removal of assets occurs many years in the future.

(ii) Taxes

The amounts recorded for deferred tax assets are based on management's estimate as to the timing of the reversal of temporary differences and tax rates currently substantively enacted and the likelihood of tax assets being realized. The availability of tax pools and other deductions are subject to audit and interpretation by taxation authorities.

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AUDIT COMMITTEE

Composition of the Audit Committee

The following are the members of the Audit Committee:

Graydon Kowal	-	Non-Independent*; Financially Literate*
Kevin Flaherty	-	Independent*; Financially Literate*

* As defined by Multilateral Instrument 52-110 – Audit Committees ("**MI 52-110**").

Education and Experience

Graydon Kowal: Mr. Kowal has been active in the petroleum industry in Alberta and British Columbia for the last 15 years. Since 1995, Mr. Kowal has been the President and Chief Executive Officer of Guardian Helicopters Inc., a private helicopter company serving the oil and gas, mining, and forest industries across North America.

Kevin Flaherty: Mr. Flaherty has been active in the SE Asia region for more than 20 years and is a recognized specialist in energy and natural resources. He has an established track record of identifying attractive projects, establishing companies, executing valuation growth and structuring exits. In his role at Saigon Asset Management, as Managing Director - Energy & Natural Resources, he is responsible for direct investments and advisory services in the energy and natural resources sector. Mr. Flaherty received both a B.A. in Economics and an MBA in Finance from the University of Calgary.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of MI 52-110 (De Minimis Non-Audit Services), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

External Auditor Service Fees (by Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees⁽¹⁾	Audit Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees
2023	\$26,750	\$0	\$0	\$0
2024	\$28,355	\$0	\$0	\$0

Notes:

(1) Represents fees paid for professional services rendered by the auditors for the audit of the Corporation's annual financial statements and services provided in connection with statutory and

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regulatory filings.

- (2) Represents fees incurred in connection with the International Financial Reporting Standard compliance.
- (3) Represents fees incurred for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning.

Exemption

The Corporation is relying on the exemption provided in Section 6.1 of MI 52-110 and, as such, the Corporation is exempt from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of MI 52-110.

SUBSEQUENT EVENTS

On August 20, 2025, the Corporation announced that it had acquired a 100% interest in nine claim blocks to the east of South Henik Lake in the Kivalliq Region, Nunavut, comprising 844 claim units and a total area of 16,282.05 ha.

On August 21, 2025, the Corporation issued 200,000 common shares at a deemed price of \$0.115 per share to settle \$23,000 of indebtedness owing to an arm's length contractor. The common shares issued are subject to a statutory four-month hold period.

On August 21, 2025, the Corporation announced that it has acquired certain exploration data from New Break Resources Ltd. ("New Break") with respect to the Esker gold project and surrounding areas in Kivalliq, Nunavut (the "Acquired Data"). In consideration for the Acquired Data, Guardian made a cash payment of \$20,000 to New Break and issued to New Break, 1,000,000 common shares in the share capital of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is filed on the SEDAR website at www.sedarplus.ca.

Information can also be obtained by contacting the Corporation at Guardian Exploration Inc., 538 Hurricane Drive, Calgary, Alberta, Canada, T3Z 3S8.